



ENERGY ASSURANCE DAILY

Wednesday Evening, June 25, 2008

Electricity

Update: Alliant Unable to Assess Full Extent of Damage to Facilities in Iowa

Alliant has deployed some of its workers from Wisconsin to assist in recovery efforts in Iowa. Alliant operates in most counties declared disaster areas in both Wisconsin and Iowa. Alliant reports extensive damage to its underground electrical system and 23 substations in Cedar Rapids. In addition, Crandic (the Cedar Rapids and Iowa City Railway Co.), an Alliant subsidiary, is shut due to a bridge washout and the loss of 33 railcars.

<http://www.tradingmarkets.com/site/news/Stock%20News/1713286/>

Constellation's 1,120 MW Nine Mile Point Nuke Unit 2 in New York Reduced to 80 Percent by June 25

According to a company statement output was reduced so that repairs to the feed-water heater system could be made. There was no indication how long the unit would operate at a reduced rate.

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

AEP's 675 MW Pirkey Coal-fired Unit in Texas Shut June 25

The company shut the unit during the early morning of June 25 to repair a boiler tube leak. No information was available concerning how long the unit would be out of service.

Reuters, 9:10 June 25, 2008

Bloomberg, 08:35 June 25, 2008

Luminant's 565 MW Monticello Coal-fired Unit 2 in Texas Restarted June 24

According to a report filed with state regulators, the unit was restarted following repairs to a leaking boiler tube. During the restart, the unit briefly tripped when a signal to a boiler feed pump switch was lost for about one hour. The unit tripped again during a restart attempt in the afternoon. The unit was restarted later in the evening.

Reuters, 19:19 June 24, 2008

POWEREX's 428 MW Dynamic Unit in California Returns to Service by June 24

According to the California Independent System Operator, the unit returned from an unplanned curtailment of 332 MW.

<http://www.caiso.com/unitstatus/data/unitstatus200806241515.html>

Enmax's 250 MW Calgary Gas-fired Unit in Alberta Shut June 24

Reuters, 19:19 June 24, 2008

Petroleum

Nigeria's Production Shut by up to 1 Million b/d Due to Attacks

A senior Nigerian oil official told Dow Jones Newswires on June 24 that the volume of marketable oil shut by attacks in Nigeria is now 900,000 to 1 million b/d after attacks on Shell and Chevron facilities last week. Nigeria's oil production capacity is about 3 million b/d. MEND, the group responsible for the majority of attacks in Nigeria, announced a ceasefire on July 22. On July 23, the Nigerian government called an emergency meeting with the defense and oil ministers, the national security adviser and multinational oil companies to discuss the ongoing crisis.

Oil Daily June 24, 2008

Update: Chevron Declares Force Majeure on Nigerian Escravos Oil Exports July 25 Chevron Reportedly Shut All of its Onshore Nigerian Operations Last Week

Chevron declared force majeure on its Escravos oil exports June 25 after armed youths blew up the company's Abiteye-Olero crude oil pipeline on June 19, disrupting crude production in the Niger Delta. According to a story in the Oil Daily, Chevron shut all of its onshore operations last week following the attack. Last year Chevron's onshore Nigerian operations produced an average of 353,000 b/d of crude oil and 14 MMcf/d of natural gas. The company has declined to say just how much production has been affected.

<http://uk.reuters.com/article/oilRpt/idUKL257697020080625>

Oil Daily June 24, 2008

Update: Shell Restarts 225,000 b/d Bonga Oilfield Offshore Nigeria June 24 Force Majeure Remains in Place for Bonga Shipments after Attack

Royal Dutch Shell restarted its Bonga offshore oilfield in Nigeria June 24. Militants belonging to the Movement for the Emancipation of the Niger Delta (MEND) attacked the field in speedboats on June 19, forcing it to shut down. According to news reports, the militants attempted to destroy the field's control room. On June 20, Shell declared force majeure on Bonga shipments for June and July.

http://www.monstersandcritics.com/news/africa/news/article_1413259.php/Shells_main_Nigeria_oil_facility_back_online_after_militant_attack

Oil Daily, June 25, 2008

Saudi Security Sweep Uncovers Cells Plotting Attacks against Oil Installations

According to the Saudi Press Agency (SPA), an official source at the kingdom's interior ministry said a security sweep of the country resulted in the arrest of 701 persons suspected of planning attacks against primarily economic targets within the kingdom, including oil installations. Of those arrested, 520 have been detained. The SPA identified the suspects as adhering to a "deviant ideology," the term used by Saudi officials to describe Al Qaeda. The suspects are of various nationalities and some entered the country using visas intended for pilgrims. During raids, Saudi security forces seized sums of money, weapons and ammunition, electronic devices and various documents. One cell, located in the Eastern Province, contained African suspects that were attempting to obtain jobs in the oil industry. One of the cell's members was found with a message from Al-Qaeda leader Ayman Al-Zawahiri urging him to target oil installations and security facilities with car bombs. Another suspected cell was located in Yanbu, an oil exporting and refining hub on the Red Sea.

<http://www.platts.com/Oil/News/8831875.xml?p=Oil/News&sub=Oil>

<http://www.reuters.com/article/latestCrisis/idUSL25528119>

http://afp.google.com/article/ALeqM5hs-ILP7BnIdgVI0tlqRQD_e8XyBw

http://ap.google.com/article/ALeqM5iEi1Bc6H_XsUjM0JxYcq7l1Qz5QD91H5AQOO

<http://www.spa.gov.sa/english/details.php?id=568421>

<http://www.spa.gov.sa/english/details.php?id=568478>

<http://www.spa.gov.sa/english/details.php?id=568488>

<http://www.spa.gov.sa/english/details.php?id=568495>

Update: Occidental Sees No Immediate Impact from Colombia Pipeline Bombings

According to a spokesman for Occidental Petroleum Corp., the company does not expect any immediate impact to exports following two bombings of the Cano Limon pipeline, which it jointly owns with Colombian state oil company, Ecopetrol. A local newspaper reports that the pipeline was bombed by rebels on July 21 and July 24, cutting the pipeline's flow of 96,000 b/d. Occidental is able to continue exports from its export terminal by utilizing oil in storage. An extended shutdown could affect exports, the spokesman said.

<http://www.sun-sentinel.com/news/local/caribbean/sfl-0624coloil,0,1545703,print.story>

EIA Cuts Projection for 2010 Non-OPEC Oil Output by 1.1 Million b/d

The Energy Information Administration (EIA) lowered its estimate for non-OPEC crude oil production in 2010 to 51.8 million b/d, down 1.1 million b/d from last year's long-term energy forecast. Over the same period, estimated OPEC production is forecast to fall 400,000 b/d to 37.4 million b/d.

<http://uk.reuters.com/article/oilRpt/idUKN2543467620080625>

China's May Oil Imports Increased 25 Percent Over Last Year

According to customs data released June 23, China's imports of crude oil rose 25 percent to 3.83 million b/d compared with the same month in 2007.

Oil Daily June 24, 2008

Update: BP Restarts Crude Unit at 265,000 b/d Carson, California Refinery June 24

BP completed the restart of the crude unit on June 24 following a shutdown due to a power interruption on June 21.

BP began restarting the unit on June 23.

Reuters, 13:19 June 24, 2008

Oil Drops More Than \$4 After Supply Gains First Time in 6 Weeks

Bloomberg News, 12:29 June 25, 2008

Natural Gas

El Paso Corporation Moving Forward with Ruby Pipeline Project

El Paso Corporation announced June 25 that its subsidiary, Ruby Pipeline, LLC, has received more than 1.1 Bcf/d of binding commitments from customers under 10- to 15-year contracts and is moving forward with the pipeline project, subject to regulatory approvals. The Ruby Pipeline will be an interstate pipeline extending approximately 670 miles from the Opal Hub in Wyoming to a interconnect at Malin, Oregon, near California's northern border. The 42-inch diameter pipeline will have an initial design capacity of between 1.3 Bcf/d and 1.5 Bcf/d, depending on the final level of customer commitments, and is expected to be in service by March 2011. El Paso is in discussions to obtain additional commitments for Ruby and plans to file a certificate application with the Federal Energy Regulatory Commission in January 2009.

<http://money.cnn.com/news/newsfeeds/articles/marketwire/0410340.htm>

Other News

Update: UP Reduces Backlog of Trains in Flooded Midwest, Expects Minimal Delays

Crews have worked off the backlog of trains and all trains are moving over normal routes in the flood-impacted Midwest area. UP customers should expect minimal delays as repair work continues to company's track, yards and signal systems.

<http://www.uprr.com/customers/service/update.shtml>

Flooding Damaged 350 Miles of Wisconsin and Southern Railroad Tracks in Wisconsin

Flooding earlier this month damaged more than 350 miles of Wisconsin and Southern's railroad tracks in Wisconsin. Wisconsin and Southern estimates the repairs will cost \$3 million and won't be finished until July or August.

http://www.wkwtv.com/Global/story.asp?S=8549814&nav=menu1362_2

Texas Governor, Food Industry Leaders Urge EPA to Suspend Ethanol Mandate

On June 24, leaders from several food industry associations shared a stage with Governor Rick Perry (R-TX) to call on the Environmental Protection Agency to approve his Renewable Fuels Standard (RFS) waiver request. Governor Perry addressed an audience of food producers, environmentalists and consumer advocates at the National Press Club who joined together to express their support for revisions to current policies that promote the conversion of food into fuel.

<http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=104&STORY=/www/story/06-24-2008/0004838182&EDATE>

VeraSun Delays Opening 110 Million Gallon per Year Ethanol Plant in North Dakota

VeraSun Energy Corp said on June 25 it delayed opening a newly constructed 110 million gallon per year ethanol plant in Hankinson, North Dakota because of weak margins for the biofuel, the third time in month the company has postponed a start-up. The plant was supposed to open this month.

Reuters, 08:53 June 25, 2008

Peabody Commissions 6 Million Ton El Segundo Coal Mine in New Mexico June 25

Peabody Energy announced it has commissioned the new El Segundo Mine in Northwest New Mexico, which is ramping up to produce 6 million tons of coal per year to serve rapidly expanding electricity needs in the Southwest. The El Segundo Mine will serve Arizona Public Service Company's Cholla Generating Station and Tucson Electric Power Company's Springerville Generating Station. Both power plants primarily serve Arizona communities.

<http://www.prnewswire.com/>

Energy Prices

U.S. Oil and Gas Prices June 25, 2008			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	132.38	133.85	68.91
NATURAL GAS Henry Hub \$/Million Btu	12.96	12.87	6.77

Source: Reuters

Energy Notes

BP, Alaska Officials Examine Oil Pipe Leak During Testing

<http://www.downstreamtoday.com/News/ArticlePrint.aspx?aid=11527>

Update: Mitsubishi Joins Alaska Gasline, LNG project

<http://www.energycurrent.com/index.php?id=3&storyid=11412>

UAE Official: Market Needs More Products, Not More Crude

<http://www.downstreamtoday.com/News/ArticlePrint.aspx?aid=11509>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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